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STATE FOR WHA/AND
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TAGS: EAGR ECON SMIG SOCI BL
SUBJECT: GOB PROMISES LAND REFORM

REF: A. LA PAZ 680
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 1C. LA PAZ 1288

11. Summary: The GOB announced on May 8 that it planned to distribute between 11 and 14 million hectares of land to farmers, indigenous communities, and the landless through eight supreme decrees and a revision of the 1996 Agrarian Reform Law. On May 17, the GOB told the press that President Morales would sign six decrees that day for distributing between 2 and 4.5 million hectares of state land to indigenous people and small farmers, speeding up the land titling process, and centralizing the structure of the National Land Reform Institute (INRA) to weaken local government control over the titling process. Additional details of the reform will reportedly be announced as part of the GOB's National Development Plan on May 31. The Minister of Agriculture plans to speed up the process of land titling, which has been carried out by INRA for the past decade but has only reached a small portion of the country. NGOs and social groups welcomed the GOB announcement, while farmers, particularly Brazilian soy farmers, and cattle ranchers in the eastern lowlands were worried that the government's proposal threatened their lands, as well as Bolivia's food security and exports. The GOB appears to be following the same tactic in land reform as in hydrocarbons nationalization and combating corruption (ref B and C) -- issuing decrees that overstep existing laws, usurping Congress' function, and promising to negotiate with interested sectors and resolve the legal mess later. End summary.

Land Reform Background

12. Beginning in the early 1950's, land reform was carried out in the western half of Bolivia. The reform divided large landholdings into smaller plots and eliminated the mandatory, unpaid service obligations of the indigenous people, who had lived on those large estates, to their feudal landlords. The land redistribution process largely bypassed the eastern regions, which saw the increasing concentration of land in fewer hands, particularly during Bolivia's military dictatorship period in the 1970's, when large tracts of land

were given to those with political connections free of charge. In 1996, Congress passed the National Institute of Agrarian Reform Law (INRA), which included a term of ten years, expiring in October 2006, for the adjustment of property rights through verification that landholdings fulfilled social and economic functions. The Agrarian Reform Institute, with international financing, has given titles to those who actually work the lands. However, INRA has only titled around a tenth of the country's land, and according to Vice President Alvaro Garcia Linera and NGOs such as Fundacion Tierra, it has failed in its task of land redistribution. Fundacion Tierra President Miguel Urioste welcomed the GOB's announced reform plan as necessary, particularly the ability for the GOB to recoup land that was idle or obtained illegally, as the INRA law had only frustrated the indigenous, farmers, and business owners and led to conflict.

¶3. Violent conflicts between large landholders and landless migrants in the East have frequently broken out during the last decade. A group known as The Landless Movement (Movimiento Sin Tierra), at times backed by Evo Morales' MAS party, has invaded lands, confronted the owners, and forcibly taken them over. These confrontations between landless migrants and landholders have at times resulted in deaths on both sides of the disputes.

GOB Announces Land Reform

¶4. The GOB announced via press reports on May 8 that it planned to distribute between 11 and 14 million hectares of land to farmers, indigenous communities, and the landless through eight supreme decrees and a revision of the 1996 INRA Law that would return to the state all land that did not "fulfill a social function", that was unproductive, or for which the titles had been obtained through fraud. On May 17, the GOB told the press that President Morales would sign six decrees that day for distributing between 2 and 4.5 million hectares of state land to indigenous people and small farmers, speeding up the land titling process, and centralizing the structure of INRA to weaken local government control over the titling process. Additional details of the agrarian reform will reportedly be announced on May 31, as part of the GOB's National Development Plan. The GOB has already begun land audits in two provinces of Santa Cruz with the intention of redistributing non-productive properties within six months, according to the press. Press reports indicate that land in western Bolivia that was redistributed during the 1953 agrarian reform would not be affected.

Agriculture Minister to Speed Up Land Titling

¶5. Minister of Agriculture Hugo Salvatierra told the Ambassador in a previous meeting (ref A) that the GOB would implement expedited land titling procedures, particularly in the eastern and northern parts of the country, "where cattle have more land than human beings." According to Salvatierra, land redistribution and titling had been going on for the past ten years, but even though USD 87 million had been spent on the process, only 14 percent of the national land had been titled. He explained that the current titling procedure required 704 days on average if there was no opposition, and that the law provided for an expedited procedure that had never been used. He said the government would implement an expedited procedure, focusing on conflictive areas with large, unproductive land holdings, particularly Santa Cruz, the Beni, and the Chaco, and that this would help achieve a "legal, economic, and social solution" to Bolivia's land conflicts.

Santa Cruz Farmers Worried

¶6. The Eastern Agriculture Chamber of Santa Cruz (CAO) told the press that it would not allow land reform to hinder productive farming, putting Bolivia's food security and exports at risk. Farmers in eastern Bolivia produce 22 percent of Bolivia's exports and the majority of the food that is consumed domestically, including rice, sugar, oil,

and beef. CAO General Manager Edilberto Osignaga told us on May 16 that the CAO supported the current INRA Law, which contained mechanisms for resolving problems related to non-productive lands and for land titling, but that the CAO would not tolerate unilateral GOB actions that put the productive capacity of the region at risk. He acknowledged that INRA's land redistribution goals had not been fulfilled, but claimed that this was because of poor administration rather than defects in the law itself. He added that whatever reforms the GOB enacted should guarantee the legal security of production and incorporate the opinions of the producers.

¶ 17. Because of the GOB's threats, producers were already having difficulty securing credit, and the few investors in the sector were beginning to look for options elsewhere, Osignaga said. He lamented that if the GOB carved up the eastern, large, productive farms into small parcels, the agricultural sector would be destroyed, because small farms did not have the necessary capital to successfully compete in export markets.

¶ 18. The soy industry, which accounts for roughly seven percent of Bolivia's GDP and provides around 150,000 jobs, might be particularly hard hit. Brazilian Embassy Economic Officer, Octavio Cortes, told Econoffs on May 12 that approximately 115 Brazilian-owned farms produced 60 percent of Bolivia's soy and held 40 percent of Bolivia's soy-producing land. Press reports indicated that Brazilian soy farmers had invested around USD 1 billion in Bolivia during the last decade. According to Cortes, few of these farms were within 50 kilometers of the Bolivian border. (Note: Operating a foreign enterprise within 50 km of the border is generally illegal without a special waiver from the GOB; thus, Brazilian farms within such a radius would be particularly vulnerable to expropriation. End note.) Furthermore, Cortes added, these farms were productive and properly documented, so the Brazilian Embassy was not worried that the GOB would expropriate them. That said, the farmers were concerned. Press reports on May 11 indicated that the National Agrarian Reform Institute was investigating 250 rural properties owned by Brazilians that were located less than 50 km away from the Brazilian border with the goal of redistributing those lands.

Beni Cattle Ranchers Concerned

¶ 19. General Manager Carmelo Arteaga of the Beni and Pando Cattle Ranchers Federation (FEGABENI) told us on May 16 that the federation did not agree with the unilateral imposition of GOB policies which might hurt the productive sector. He said that the GOB's plans to redistribute land could impact Beni's 8,000 cattle ranchers, as well as its farmers and harvesters of brazil nuts, wood, and rubber. Arteaga expressed his disappointment with Vice President Garcia Linera's failure to fulfill his campaign promises to foment production, stating that the GOB had done nothing to support the productive sectors of Beni and Pando, but had rather made their conditions worse through threats of land redistribution. Garcia Linera asked producers to "calm down," the press reported on May 17.

¶ 110. Arteaga explained that many people who worked the land did not have titles because of the failure of INRA to complete the titling process due to a lack of personnel and resources. The lack of titles, he feared, would make those land owners vulnerable to having their land taken away as a result of the (still unclear) proposed GOB policies of redistribution. The federation planned to urge the GOB to complete the process of titling without taking land from those that were using it to benefit the Bolivian economy, he said. He feared that the GOB was looking for any justification for which to expropriate land, and thus, the federation had declared a "state of emergency" and planned to hold a meeting with various social and business sectors to formulate a response on behalf of the north-eastern departments of Beni and Pando. According to Arteaga, the majority of the population of those departments were opposed to land redistribution.

¶11. Comment: Land is one of the most controversial issues in Bolivian society and will be a focus of the Constituent Assembly. The GOB's agrarian reform plans could shore up support for the MAS administration from its bases prior to Constituent Assembly elections, while further increasing tensions between the western highlands and eastern lowlands. The reform seems aimed, at least in part, at taking away the basis of power, i.e., land, from the ruling party's strongest regional rivals. The GOB appears to be following the same tactic in land reform as in hydrocarbons nationalization and combating corruption (ref B and C) -- issuing decrees that overstep existing laws, usurping Congress' function, and promising to negotiate with interested sectors and resolve the legal mess later. End comment.

ROBINSON